

January 24, 2019

For Immediate Release

Company Name: Citizen Watch Co., Ltd.
Representative: Toshio Tokura, President and CEO
(Code no.: 7762, First Section, Tokyo Stock Exchange)
Please address inquiries to Toshiyuki Furukawa
Director in charge of Public & Investor Relations
Department
Telephone: +81-42-468-4934

Notice Regarding Merger to Absorb Subsidiary

The Company announces that at a meeting of the Board of Directors held on January 24, 2019, it resolved to absorb Citizen Financial Service Co., Ltd., its wholly owned subsidiary, through an absorption-type merger (hereinafter called the “Merger”) on April 1, 2019. Details are as follows.

Some of the matters and details for disclosure have been omitted because the Merger will be carried out to absorb a wholly owned subsidiary.

1. Purpose of the Merger

With the goal of consolidating management resources and conducting efficient organizational management, the Company has decided to absorb Citizen Financial Service Co., Ltd., a subsidiary that has been fulfilling its role as a core company for intragroup financing in the Citizen Group.

2. Overview of the Merger

(i) Method of the Merger

The Company, as a surviving company, will implement an absorption-type merger, based on which Citizen Financial Service Co., Ltd. will be dissolved.

(ii) Schedule of the Merger

Approval of the merger agreement at a Board of Directors’ meeting: January 24, 2019

Date of conclusion of the merger agreement: January 24, 2019

Effective date of the merger agreement: April 1, 2019 (plan)

The Merger will be carried out without obtaining the resolution-based approvals at the respective companies’ General Meetings of Shareholders because for the Company, it is a simple merger specified in paragraph 2 of Article 796 in the Companies Act, and a short-form merger specified in paragraph 1 of Article 784 in the Companies Act for Citizen Financial Service Co., Ltd.

(iii) Details of allotments related to the Merger

No shares or other pecuniary interests will be allocated through the Merger.

(iv) Treatment of subscription rights to shares or bonds with subscription rights to shares in conjunction with the Merger

Not applicable.

3. Overview of the parties of the Merger

Surviving company after merger

(1) Name	Citizen Watch Co., Ltd.	
(2) Location	6-1-12, Tanashi-cho, Nishi-Tokyo-shi, Tokyo	
(3) Name and title of representative	Toshio Tokura, President and CEO	
(4) Business description	Manufacturing and sales of varieties of types of watches and components thereof, and the planning of the Group's management strategies and implementation thereof, auditing of the Group's management, development of the Group's technologies, and management of intellectual property rights, as well as management of other administrative operations, from the standpoint of a holding company.	
(5) Capital	32,648 million yen	
(6) Date of establishment	May 28, 1930	
(7) Number of shares issued	320,353,809 shares	
(8) Fiscal year-end	March 31	
(9) Major shareholders and the percentage of ownership (as of March 31, 2018)	1) The Master trust Bank of Japan, Ltd. (trust account) 11.08% 2) Japan Trustee Services Bank, Ltd. (trust account) 8.95% 3) Nippon Life Insurance Company 3.75% 4) Nichia Corporation 3.14% 5) National Mutual Insurance Federation of Agricultural Cooperatives 2.56%	
(10) Financial conditions and operating results of the immediately preceding fiscal year	Fiscal year-end	Fiscal year ended March 31, 2018 (consolidated)
	Net assets	263,713million yen
	Total assets	412,165million yen
	Net assets per share	797.75 yen
	Net sales	320,047million yen
	Operating profit	24,920million yen
	Ordinary profit	26,664million yen
	Profit attributable to owners of parent	19,303million yen
Earnings per share	60.65yen	

Company dissolving after merger

(1) Name	Citizen Financial Service Co., Ltd..	
(2) Location	6-1-12, Tanashi-cho, Nishi-Tokyo-shi, Tokyo	
(3) Name and title of representative	Toshiyuki Furukawa, President and Representative Director	
(4) Business description	Operations of accepting deposits from and lending funds to participating companies of the Citizen Group, etc.	
(5) Capital	50million yen	
(6) Date of establishment	March 8, 2002	
(7) Number of shares issued	1,000 shares	
(8) Fiscal year-end	March 31	
(9) Major shareholders and the percentage of ownership (as of March 31, 2018)	Citizen Watch Co., Ltd. 100%	
(10) Financial conditions and operating results of the immediately preceding fiscal year (fiscal year ended March 31, 2018))	Fiscal year-end	Fiscal year ended March 31, 2018 (nonconsolidated)
	Net assets	93million yen
	Total assets	23,481million yen
	Net assets per share	93 thousand yen
	Net sales	83million yen
	Operating profit	16million yen
	Ordinary profit	16million yen
	Net profit	10million yen
Earnings per share	10 thousandyen	

4. Post-merger status

(1) Name	Citizen Watch Co., Ltd.
(2) Location	6-1-12, Tanashi-cho, Nishi-Tokyo-shi, Tokyo
(3) Name and title of representative	Toshio Tokura (plan) President and CEO
(4) Business description	Manufacturing and sales of varieties of types of watches and components thereof, and the planning of the Group's management strategies and implementation thereof, auditing of the Group's management, development of the Group's technologies, and management of intellectual property rights, as well as management of other administrative operations, from the standpoint of a holding company.
(5) Capital	32,648million yen
(6) Date of establishment	March 31

5. Future outlook

The Merger, which is an undertaking between the Company and its wholly owned subsidiary, is not expected to have any material impact on consolidated financial results, going forward.